



# NEIGHBORHOOD ASSISTANCE TAX CREDIT PROGRAM

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### PURPOSE

Provide assistance to community-based organizations that enables them to implement community or neighborhood projects in the areas of community service, education, crime prevention, job training and physical revitalization.

### AUTHORIZATION

Sections 32.100 to 32.125, RSMo

### ELIGIBLE AREAS

Statewide.

### ELIGIBLE APPLICANTS

- Not-for-profit corporations organized under Chapter 355, RSMo;
- Organizations holding a 501(c)(3) ruling from the IRS; and
- Missouri businesses

### ELIGIBLE DONORS

Businesses only - individuals who operate a sole proprietorship, operate a farm, have rental property or have royalty income are also eligible, as well as a shareholder in an S-corporation, a partner in a Partnership or a member of a Limited Liability Corporation.

### ELIGIBILITY CRITERIA

The Department of Economic Development (DED) will issue 50% or 70% tax credits to an eligible taxpayer who makes a qualified contribution to an approved Neighborhood Assistance Program (NAP) project.

### PROGRAM BENEFITS/ELIGIBLE USES

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax
- Ch. 153 – Express Companies Tax

This credit's special attributes:

- Carry forward 5 years

### FUNDING LIMITS

The maximum amount of tax credits available is \$16 million per fiscal year. The tax credits are allocated at the discretion

of DED and are subject to change:

- \$10 million in 50% credits
- \$ 6 million in 70% credits (reserved for projects in certain lower population or unincorporated areas).

Applicant organizations may request a maximum of \$250,000 in 50% tax credits per project or \$350,000 in 70% tax credits per project if the organization is located in a qualifying rural area.

### APPLICATION/APPROVAL PROCEDURE

Applications will be accepted in two rounds. The first round of applications must be submitted by July 1, 2011. The second round of applications must be submitted by October 15, 2011. The Department is targeting \$8 million in approved projects for Round 1 and \$8 million in Round 2; however, DED reserves the right to adjust allocations based on the quality of applications.

NAP staff is available to provide technical assistance to organizations making application to the program.

### REPORTING REQUIREMENTS

Quarterly reports, final report, final audit for projects using \$25,000 or more in tax credits, and 1099 reporting.

### SPECIAL PROGRAM REQUIREMENTS

Preference is given to projects addressing specified program outcomes. The NAP also seeks projects located in distressed communities and in target communities as determined by the department.

### CONTACT

Missouri Department of Economic Development  
Division of Business and Community Services  
Business and Community Finance Team

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## TAX CREDIT ANALYSIS

<b>Program Name:</b> Neighborhood Assistance Program (NAP)																													
<b>Department:</b> Economic Development		<b>Contact Name &amp; No.:</b> Brenda Horstman 751-3713			<b>Date:</b> October, 2011																								
<b>Program Category:</b> Community Development		<b>Type:</b> Tax Credit <input checked="" type="checkbox"/> <b>Other (specify)</b> _____																											
<b>Statutory Authority:</b> 32.100 - 32.125, RSMo		<b>Applicable Taxes:</b> Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax, Express company tax																											
<b>Program Description and Eligibility Requirements:</b> Provides assistance to community-based organizations that enable them to implement community or neighborhood projects in the areas of community service, education, crime prevention, job training and physical revitalization.																													
<b>Explanation of How Award is Computed:</b> Entitlement _____ Discretionary <input checked="" type="checkbox"/> _____ Applications are reviewed on a competitive basis and awards made to nonprofits or Missouri businesses for 50% or 70% of the approved budget.																													
<b>Program Cap:</b> Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 16 million _____ None _____ <b>Explanation of cap:</b> Effective August 28, 2008, fiscal year cap was reduced from \$18 million to \$16 million.																													
<b>Explanation of Expiration of Authority:</b>																													
<b>Specific Provisions:</b> (if applicable) Carry forward <input type="text"/> 5 <input type="text"/> years    Carry Back <input type="text"/> years    Refundable <input type="text"/> Sellable/Assignable <input type="text"/> Additional Federal Deductions Available <input type="text"/>																													
<b>Comments on Specific Provisions:</b>																													
	<b>FY 2009 ACTUAL</b>	<b>FY 2010 ACTUAL</b>	<b>FY 2011 ACTUAL</b>	<b>FY 2012 (current year)</b>	<b>FY 2013 (budget year)</b>																								
Certificates Issued (#)	2,196	2,267	1,542	1,800	1,800																								
Projects (#)	90	65	34	40	40																								
Amount Authorized	\$15,318,813	\$12,053,930	\$11,115,829	\$12,000,000	\$12,000,000																								
Amount Issued	\$11,447,049	\$10,284,768	\$8,129,873	\$9,360,000	\$9,360,000																								
Amount Redeemed	\$13,202,082	\$10,065,992	\$8,513,472	\$9,500,000	\$9,500,000																								
EST. Amount Outstanding	N/A	N/A	\$11,629,371	N/A	N/A																								
EST. Amount Authorized but Unissued	N/A	N/A	\$18,143,615	N/A	N/A																								
<b>HISTORICAL AND PROJECTED INFORMATION</b>																													
<p>The chart displays three categories: Amount Authorized, Amount Issued, and Amount Redeemed. Each category has five bars representing fiscal years 2009 through 2013. The y-axis ranges from \$0 to \$18,000,000. Data labels are provided above each bar.</p> <table border="1"> <thead> <tr> <th>Category</th> <th>FY 2009</th> <th>FY 2010</th> <th>FY 2011</th> <th>FY 2012</th> <th>FY 2013</th> </tr> </thead> <tbody> <tr> <td>Amount Authorized</td> <td>\$15,318,813</td> <td>\$12,053,930</td> <td>\$11,115,829</td> <td>\$12,000,000</td> <td>\$12,000,000</td> </tr> <tr> <td>Amount Issued</td> <td>\$11,447,049</td> <td>\$10,284,768</td> <td>\$8,129,873</td> <td>\$9,360,000</td> <td>\$9,360,000</td> </tr> <tr> <td>Amount Redeemed</td> <td>\$13,202,082</td> <td>\$10,065,992</td> <td>\$8,513,472</td> <td>\$9,500,000</td> <td>\$9,500,000</td> </tr> </tbody> </table>						Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Amount Authorized	\$15,318,813	\$12,053,930	\$11,115,829	\$12,000,000	\$12,000,000	Amount Issued	\$11,447,049	\$10,284,768	\$8,129,873	\$9,360,000	\$9,360,000	Amount Redeemed	\$13,202,082	\$10,065,992	\$8,513,472	\$9,500,000	\$9,500,000
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<b>Comments on Historical and Projected Information:</b>																													

## TAX CREDIT ANALYSIS

**Program Name:** Neighborhood Assistance Program (NAP)

### BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2011 ACTUAL	Other Fiscal Period (10 years)
<b>BENEFITS</b>		
Direct Fiscal Benefits	\$27,910	\$159,598
Indirect Fiscal Benefits	\$530,828	\$3,035,486
<b>Total</b>	<b>\$558,738</b>	<b>\$3,195,084</b>
<b>COSTS</b>		
Direct Fiscal Costs	\$1,852,638	\$10,514,975
Indirect Fiscal Costs	\$0	\$0
<b>Total</b>	<b>\$1,852,638</b>	<b>\$10,514,975</b>
<b>BENEFIT: COST</b>	<b>0.30</b>	<b>0.30</b>

#### Derivation of Benefits

**Investment:** (a) \$743,201 in construction spending between 2011-2013.

**Employment:** (a) 79 jobs in social assistance (0 displaced) at average wages between 2011-2016.

**Other Assumptions:** (a) 479 new HS/GED/Assoc. Degree graduates earning an additional \$2,874,000/yr in disposable personal income between 2011-2020, (b) 1,483 jobless participants obtained assistance and found jobs earning an additional \$23.728 million/yr in disposable personal income between 2011-2020.

**Incentives/Credits:** (a) \$11,115,829 in authorized NAP credits, redeemed between 2011-2016.

Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-PI+Statewide Region. Assumptions provided by DED. Estimated using REMI-PI+Statewide Model (remi-fiscal-PI+aug11).

#### Other Benefits:

##### In FY-2011, every dollar of authorized program tax credits returns

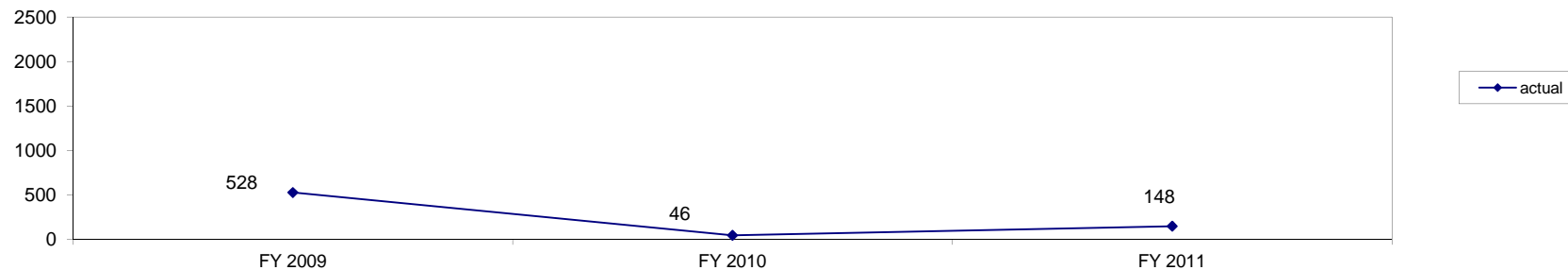
\$18.79 in new personal income totaling	\$34.81 million
\$8.13 in new value-added/GSP totaling	\$15.07 million
\$12.76 in new economic output totaling	\$23.65 million

##### Over 10 YEARS, every dollar of authorized program tax credits returns

\$31.40 in new personal income totaling	\$330.13 million
\$12.14 in new value-added/GSP totaling	\$127.65 million
\$18.32 in new economic output totaling	\$192.61 million

### PERFORMANCE MEASURE(S)

#### Permanent New/Retained Jobs



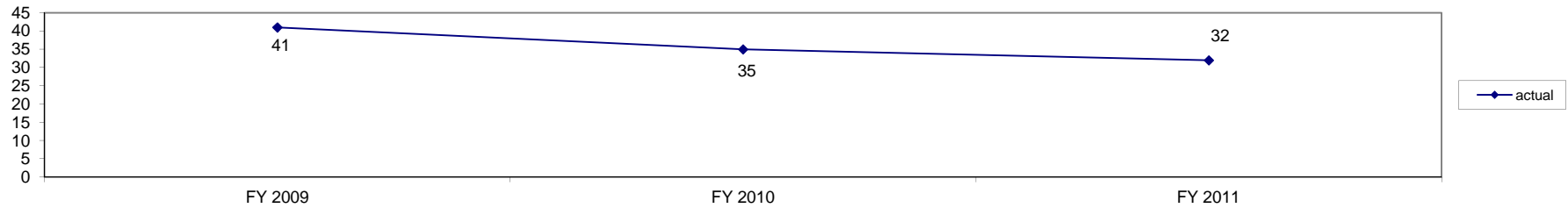
#### Comments on Performance Measure:

Numbers are dependent on the type of projects that are funded each year.

## TAX CREDIT ANALYSIS

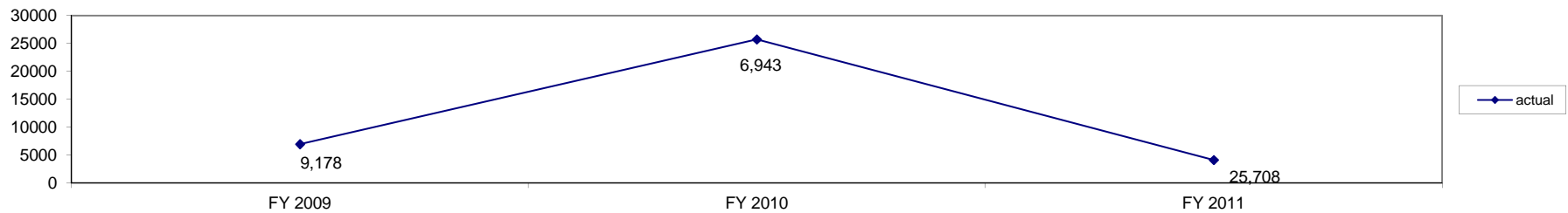
**Program Name:** Neighborhood Assistance Program (NAP)

### New/Renovated Facilities



**Comments on Performance Measure:**

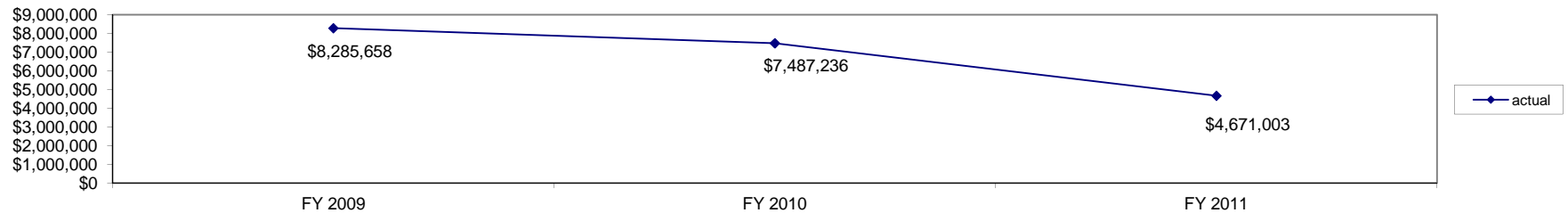
### Individuals Learning Life Skills



**Comments on Performance Measure:**

Includes individuals earning GEDs, job training and other skills necessary to become productive citizens.

### Amount Leveraged



**Comments on Performance Measure:**

NAP tax credits leveraged (Total Contributions - Total Credits Issued)